TELEPHONE: (306) 652-9465
TELEX: 074-2376
250C - 2ND AVENUE SOUTH, SASKATOON, SASK

national farmers union

Submission

to the

Grain Handling and Transportation Commission

Presented at Regina, Saskatchewan

October 23, 1975

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INTRODUCTION

1. The National Farmers Union is a voluntary membership organization of farmers incorporated by an Act of the Parliament of Canada which received royal assent on June 11, 1970.

2. The concept of the NFU is based on the principle that all farmers must unite within a single organization if their many inherent differences of interest are to be resolved with equity and justice. It is an ideal based on "participatory democracy" which, in a highly technological and increasingly impersonal society, is confronted with new challenges.

3. It has been our considered opinion that the terms of reference of your Commission may, in fact, be too narrow in order to fully evaluate the total implications involved in formulating a definitive grain handling and transportation policy. There do exist spin-off effects to the railways as a result of the existence of a grain growing industry in the prairie region.

4. The movement of grain itself is not the only freight traffic accruing to the railway companies because this grain industry is here. We believe it is difficult to objectively consider one facet of the transportation system in isolation from another. Rather, there must be global consideration given to the total picture, a situation, we believe, you will hardly be able to avoid.

5. Similarly, it is our view that the studies of the Snavely Commission on the costing of the rail movement of export grain restricts it to too narrow a field of reference.

6. The NFU nonetheless looks upon this Commission as an important and vital forum of the democratic process. This Commission is confronted with a formidable task and responsibility, for on the basis of its findings, conclusions and recommendations rests the future of rural communities in the prairie region for the next century.

7. Around the future of the Crows Nest Pass rate structure on export grain rest some very fundamental issues for farmers and their communities. The determination of this issue and the future policy directions of government on issues such as the payment of rail subsidies will in large measure dictate the future shape and location of the grain handling industry.

8. Certainly the resolution of these questions is too important to permit private corporations to resolve in an ad hoc manner in their own economic self interests. <u>A comprehensive national transportation policy has never been more necessary than at the present time</u>.

9. Because we regard the nature of this Commission of such profound importance to farmers, <u>we are actively encouraging our members through their locals in the three prairie provinces to evaluate the impact of possible changes in the patterns of grain handling and transportation which would result from possible abandonment of rail branch lines now serving their respective communities</u>.

10. It is our intent that representatives of these locals further become involved by themselves appearing before your Commission at forthcoming community hearings to table their findings.

11. In dealing with the issues at hand, we recognize these as falling into three distinct categories. These are:

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11. In dealing with the issues at hand, we recognize these as falling into three distinct categories. These are:

1. The future of the statutory Crows Nest Pass rates on export grain.
2. The future of branch rail lines.
3. The future patterns of the grain handling system.

HISTORIC CONSIDERATIONS, THE CROW RATE AND BRANCH LINES

12. The historic patterns of western settlements, the reasons for the existence of the Crows Nest Pass rates and the merging development of the rail transportation system as we find it today have already been well documented for your Commission by previous witnesses.

13. While it would be needlessly repetitious of us to document these historic facts again in this submission, we cannot fail to stress that historic considerations in determining the future of the grain handling and transportation system are of tremendous importance and relevance.

14. It must particularly be stressed that the decision of the Government of Canada to heavily "grubstake" the Canadian Pacific Railway in its early stages of development was politically motivated out of the need to create a unified nation. A transcontinental railway system was needed to achieve this end and to hasten the settlement and exploitation of the west and its resources.

15. In short, the completion of a transcontinental railway system was regarded as being in the national interest; fundamental to regional development and the growth of industrial development in central Canada.

16. The basic underlying issue now before this Commission is one of principle. It is to determine whether the need for future transportation services in the prairie region is to be based primarily on serving a profit motive or on the desirability and need to serve and maintain viable rural communities.

17. The posture taken by the Commission on this basic issue of principle can be expected to have a profound influence on the future of national transportation policy not only in the prairie region but in other sparsely settled regions of Canada as well.

18. We recognize that within the context of determining this issue are several alternate avenues. Some of which come to mind include:

1) Profitability would be allowed to determine the location of future rail service. Within this context, possible parallel considerations would include:

a) Abrogation of the Crow's Nest Pass freight rates on export grain and discontinuing federal subsidies allowing a totally flexible tariff system.

b) Retention of the Crow rates on main lines but flexible tariffs assessed against branch lines.

c) Retention of the Crow rates on main lines and protected branch lines but flexible tariffs on all other branch lines, specifically the 6,278 miles of branch lines which are the concern of this Inquiry.

d) Full retention of the Crow rates but allowing for continued subsidization on some or all existing branch lines through direct cash transfers or a combination of cash transfers and partial takeover of responsibility for roadbeds, etc.

e) Examining and recommending possible economies within the existing system to reduce costs and increase profitability, such as mutual trade-offs of branch lines, joint running rights, avoidance of back hauls, integration of railway yards at terminal facilities, etc.

2) Rail transportation would be regarded primarily as an instrument of regional development structured to serve the broad national interest. Within the context of such a policy, possible parallel considerations would include:

a) Total nationalization, integration and management reorganization of the existing rail networks with a view toward maximizing efficiencies and developing a permanent basic rail network.

b) The federal government taking over full responsibility for grain movement at Crow rates on existing rail lines and supplement its present grain hopper fleet with locomotive power in order that grain movement would be accorded its proper priority in serving the national interest.

IMPLICATIONS OF A PROFIT MOTIVE PRINCIPLE

19. The serving of the profit motive is now basically the criterion applied to railway operations. Some profit shortfalls resulting from operations are made up by subsidy. Should the Commission determine that the Statutory Crow Rates be discontinued and that the main criterion for assessing future rail line service locations is to be evaluated on the strict basis of returning to the railway companies a return on capital as may be from time to time allowed by the Canadian Transport Commission, the possible effects of such a policy would be staggering.

20. Our organization regards such an approach as totally inconveivable.

21. The current "cost of money" allowance being granted the railway companies by the Canadian Transport Commission in assessing the levels of subsidies to be paid the railways on some 90 branch lines which are claimed to be uneconomic, has been established for 1974 at

17.04 per cent after taxes or 34 per cent before taxes. That is considerably more than most farmers ever realize in any one year.

22. This amount, the CTC and the railways agree, will permit the railway companies to service their historic debts and bring a "reasonable allowance for returns on equity" of 11.5 per cent. The current debt:equity ratio of the railways is 30:70.

23. On the basis of such a yardstick for expectation of return, one is better able to understand why the vice-president of the CNR's prairie region, A. R. Williams, regards all branch lines falling under the study of this Commission as 'losers'. The management of railway assets measured strictly on the basis of serving the profit motive dictates that capital not be invested in areas of low return but be invested elsewhere. Social considerations are clearly not a major concern of the corporate mentality.

24. A national rail transportation policy based on a criterion of profitability as the prime factor determining the future survival of branch rail lines would have profound and intolerable effects on farmers and rural communities.

1) a) The entire economics of farming would change. Thousands of farmers would be faced with drawing grain greater distances by truck to main line elevator facilities. In some instances this might militate against the production of certain types of grain.

b) New capital investment required for larger trucks or alternately, custom trucking would add new costs to farm production.

c) A 1972-73 survey* on farm trucking costs concluded that

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* "Cost of Grain Hauling by Farm Trucks in Saskatchewan" Surendra N. Kulshreshtha, Dept. of Agricultural Economics, University of Saskatchewan.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

the cost of hauling a bushel of grain an extra mile (and return) was estimated at .312 cents. With recent fuel price increases, that amount would now be greater. Studies have also proven conclusively that rail movement of grain is from 4 to 6 times more efficient in energy use than movement by truck. That is an extremely important consideration in terms of future energy needs and consumption.

2) Alternative forms of farm production would need to be considered. One possible alternative for farmers living long distances from delivery points would be to feed more grain to livestock in order to avoid long hauls. At this moment in time, cattle feeding is not a viable alternative.

3) The entire structure of land values and assessments would be affected with severe implications to the economic base of many towns, villages, rural municipalities and counties. Tax revenue would be lost as a result of:

a) Lower assessed farm lands;

b) Abandoned rail lines; and

c) Dismantled grain elevator facilities.

4) Improved highway systems to accommodate heavy truck traffic would demand heavy financial commitments by municipalities and the provinces. The current standards of municipal roads will not tolerate heavy truck traffic.

5) The combined effects of lost tax revenues and higher costs for road maintenance of municipalities and counties would result in higher taxation levies against farm property.

In fact, the act of abandoning all existing branch lines would represent a tremendous economic dislocation and transfer of wealth out of agriculture and into the hands of railway companies.

25. We cannot accept such an act as tolerable or practical.

A REVIEW OF RAILWAY PERFORMANCE

26. The application of the criterion of profitability has already had visible impact on the existing rail line network. While the railway companies loudly decry the need to submit to public regulation in their operations, public regulation does not apparently compel them to continue service on existing branch lines. It is noted, for example, that on occasion applications for subsidies on branch lines filed with the CTC by the railways report no revenue in a given year, thereby indicating that they have not been used.

27. That railways have abandoned rail lines before formal permission has been granted to do so by the CTC is evident from the 525 miles of rail branch lines currently under review by the CTC.

28. Many of the branch lines under the study of this Commission have undergone serious reductions in scheduled service in recent years as a result of the management decisions of the railway companies. The real power in the decision-making role on the future of branch line service has been covertly usurped and exercised in their self interest by the railway companies. They appear obviously to be more powerful than governments, Commissions or their regulations.

29. The charge by some railway spokesmen that grain companies have abandoned branch lines ahead of the railway companies is somewhat suspect. While certain remote examples may exist, more generally only certain delivery points on branch lines have been abandoned or consolidated by elevator companies. Such actions are functional to the needs expressed by the railway companies for greater centralization of grain gathering facilities.

30. In a survey conducted by the NFU among its locals in the early part of 1974, it was found that the railways subjected the movement of grain to an extremely low priority. Long delays in providing grain cars were experienced. (See Appendix A).

31. In many instances they temporarily abandoned not only branch lines but boxcars and hopper cars loaded with grain were left sitting on railway sidings for weeks at a time . In one instance the CPR had loaded grain cars wait 80 days, (most of that time being at Perdue, Sask., on its line between Saskatoon and Edmonton). (See Appendix B.) These delays occurred at a time when the Canadian Wheat Board was hard pressed to meet export commitments.

32. The tactics of the railway companies in extending low priority to grain movement have been recognized by us as part of their continuing campaign of power politics,and a policy of deliberate, planned sabotage has been designed to intimidate the farm community to become resigned into accepting abrogation of the Crows Nest Pass rates on export grain as the only alternative open to farmers if better grain rail transportation service is to be achieved.

33. By these subtle tactics of aggravation, harrassment and coercion of the community through delinquent and deteriorating service together with a propaganda barrage directed against the "unprofitability" of Crow Rates, they have caused confusion and frustration in our farming communities,and in some instances farmers have been subdued into a sense of defeat and acceptance of the inevitability of losing the Crow Rates.

34. We do not accept the abrogation of the Crow Rates as inevitable. desirable or necessary.

35. The railway companies have never disclosed the true facts of their grain export hauling operations to anyone. Yet they have propagandized about losses in the movement of export grain and in our view have

CP Rail loses $68.6 million carrying export grain

Globe + Mail April 9/75

By KEN ROMAIN

CP Rail of Montreal lost $68.6-million in 1973 transporting export grain on the Prairies under the statutory Crow's Nest Pass rates first laid down near the turn of the century, the railway claims.

The loss was determined as part of a special study of the railway grain transportation system undertaken by CP.

It involved the movement of 469 million bushels of grain under the fixed rates, which now are coming under examination.

The study did not take into account the branch line subsidies the railway received from the federal Government. CP said that if the full $16.7-million branch line subsidy were allocated solely to the movement of export grain, the loss for the year would be reduced to $51.9-million.

A spokesman said it is the first time, to his knowledge, that the railway has made known its losses for the movement of export grain since the MacPherson Royal Commission on rail rates in 1960.

The study indicates that there are neither technological advances nor operational changes in sight that might reduce the loss.

CP Rail carries about 53 per cent of the export grain. Canadian National Railways carries most of the remaining 47 per cent.

The railway said the study showed that it earned $56.2-million in revenue for moving export grain in 1973, but that its costs totalled $124.8-million.

This was made up of variable costs, including operating costs. The variable costs are those over and above fixed costs of $36.9-million.

The railway said the variable costs were determined by costing methods prescribed by the Canadian Transport Commission, while the fixed costs represent the fully allocated costs associated with export grain traffic.

The railway study took a year to complete and involved special computer evaluations of specific grain shipments in recent years.

Various changes in the method of moving grain were also examined to determine what impact these would have on reducing the loss.

The changes involved the use of unit trains, abandonment of some branch lines, government ownership of diesel engines and hopper cars for grain movement, and a combination of all three.

The study concluded that the railway would still lose money even if grain were moved in government-owned unit trains on a reduced network of lines in Western Canada.

The railway said the cost projections were made 1980, based on an annual flation rate of 5 per cent a a volume of 537 milli bushels, or CP Rail's share the movement of a billi bushels in one year.

The study indicated that 1980 the railway's losses the movement of export gr could range between $81.8-n lion and $190-million a year

Not even the most effici combination of the chang studied could eliminate t losses and put the railw into the black, CP Rail sai

Crow rate costs C.N. $100 M yearly

FPW apr 12/75

Because the Crow's Nest Pass freight rate for grain is fixed at 1896 rates and "there is no direct payment to CN for the losses incurred in handling this traffic," Canadian National Railways loses about $100 million annually on grain movement, CN president Robert Bandeen said last week.

Mr. Bandeen told the Conference Board of Canada, meeting in Winnipeg that grain handled under the 19th century statutory rates makes up fully one-quarter of all CN traffic.

"In Canada, manipulation of freight rates has been looked upon too often as a means of compensating for regional disparities and favoring certain commodities," said Mr. Bandeen.

But he said any manipulation "which does not compensate the railways fully for the operating losses they suffer is basically unsound, and can only jeopardize the development of transportation systems required to meet the needs of the future."

Since CN is legally "obliged" to operate on a business-like basis, said Mr. Bandeen, the railway is expected to recover its grain moving losses from its other customers.

"I have no quarrel with the contention that Canadian grain requires subsidized transportation in order to be competitive on world markets," "What I do feel is unfair, though, is that Canadian National is expected to pay for these subsidies out of revenues at a time when we need an increasing cash flow to provide for Canada's future transportation needs."

Related to money needs, he said, is the question of branch rail lines.

"By eliminating the waste of money on maintaining redundant lines it would be possible to concentrate financial resources on improving the remaining and vitally-needed ones," he remarked.

"It should be obvious that in order to handle the immense yields expected in the latter part of the century we need something better than a collection system based on the technology of the horse and buggy," he said.

"Logic indicates the wisdom of a pruned-down network of branch lines improved and strengthened to handle big, heavy cars and longer trains. Since grain is hauled to the railhead by truck now, and small elevators are becoming increasingly uneconomic to operate, it makes sense to have fewer loading points with large and modern storage facilities."

Meanwhile, R. J. Hansen, assistant vice-president of CN's prairie region told the annual meeting of the Association of American Railroads in Winnipeg that CN will require about $5 billion between 1975 and 1980 to maintain viable freight and intermodal service.

Mr. Hansen said the $5 billion will be used to increase the capacity of the railroad's fixed plant by double-tracking yard extensions, improving existing signal and communication facilities, extension of such systems in certain places, and augmenting the car fleet and motive power as well as related maintenance facilities.

Most of expenditures for expanding the fixed plant will occur west of Thunder Bay, he said.

However, said Mr. Hansen CN "will be very selective on what the money is spent, where it will be spent, and in what time frame." CN will not move all its research energy and resources away from exotic concepts or high speed passenger trains, "but we should assure ourselves that the emphasis of our research is directed to timely problems and that management will reap the benefits now for the research dollars being spent."

deliberately misled and misinformed the general public.

36. The two press stories (opposite) are glaring examples. If the companies are able so precisely to prove the claimed losses, what is the Snavely Commission all about?

37. If CP Rail carries about 53 per cent of the export grain and claims losses of $68.6 million, how did CN lose $100 million in carrying the remaining 47 per cent?" becomes an obvious question from examining these two statements. It might be concluded that CP's lower loss is attributable to the higher volume of export grain that it carried.

38. Indeed, this is a logical conclusion when one considers that in years of high grain movement the revenue position of the CPR has apparently improved. (Appendix C.)

39. The railway propagandists have stated an increasing cash flow is needed for upgrading and modernization. The CNR stated in its annual report tabled in the House of Commons on May 16, 1975, that it had earned an operating profit for 1974 of <u>$51.6</u> million. The report, however, described the overall financial results as "disappointing".

40. "Interest on the long-term debt of the company amounted to <u>$89.6</u> million - an increase of almost $20 million over the previous year - and the payment of this converted the operating profit to a deficit of $37.7 million," the report lamented.

41. <u>It is significant that CN attributes its loss position in its annual report to the cost of its deadweight debt - not Crow Rates.</u>

42. The sharp increase in interest costs is attributed to higher rates of interest on refinancing matured bonds and government loans, and to the fact that interest of $5.5 million was charged on a <u>government loan</u> previously interest-free. The loan was originally made to help CN rehabilitate the Newfoundland Railways.

43. Is the payment of interest charges more productive to the Canadian

economy than the movement of export grain?

44. The CN puts no figure in its official report on losses of Crow's Nest grain rates but does claim to have lost $146.4 million on its passenger service of which amount it is reimbursed 80 per cent by the federal government.

45. We submit neither railway can prove claimed losses on the movement of export grain.

46. The railway companies have never publicly revealed the cost figures related to the export movement of grain.

47. Because of varying methods used in costing by the two major railways, it is probable that the most that can be hoped for as a result of the Snavely Commission studies will be an estimate of the costs and that will be based on information provided by the railways, rather than from independent cost studies.

48. It is perhaps worth noting that while CN claimed a profit of $51.6 million in 1974, the costs of its CN Tower in Toronto is estimated to be $52 million according to information tabled in the House of Commons by the former Minister of Transport, Jean Marchand.

49. This example illustrates the driving power behind the profit motive principle.

50. However, CN's corporate ventures are but minute compared with CP's conglomerate empire. Its intercorporate empire is reproduced as Appendix D in this submission, although the Statistics Canada publication* from which it is reproduced is dated 1969.

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* Inter-corporate Ownership. Statistics Canada, 1969.
Catalogue 61-512

51. Profits earned from a low return enterprise such as transportation tend not to be reinvested by a corporation if the rate of return elsewhere is higher. It is precisely this kind of decision based on the profitability of a service as opposed to its essential role in fostering regional development or meeting the national interest that we believe has contributed to the gradual deterioration in railway service and facilities. Judging by the size of its corporate holdings and connections, this would apply particularly to CP, which boasts continually in its TV commercials that "CP is much more than a railway".

52. The question of rate of return on investment and reinvestment was considered by the Canadian Transport Commission, railway transport committee, in its studies related to the regulations respecting the costing principles and techniques of the railways subject to the jurisdiction of the CTC.

53. In its written judgment outlining reasons for order No. R-6313 concerning cost regulations (pamphlet No.15, Aug.5, 1969), the CTC states on page 359 as follows:

> "After considering the views of the parties and the information available to support them, the Committee has decided not to include a fixed or definitive rate of return on capital in its findings, but rather to adopt certain principles and constraints in the computation of rate of return in the future. This procedure narrows considerably the scope of the Committee's discretion in determining 'such allowance for the cost of capital as to the Commission seems reasonable in the circumstances', but does not eliminate it completely. It also permits the Committee to have regard among other things to '... later developments in railway costing methods and techniques and to current conditions of railway operations' as required by section 387B (1) of the Railway Act, as well as to constant changes in capital markets.
>
> "The Governments of the Provinces contended that because of the overstatement of the investment values of the railway property of Canadian Pacific any generally acceptable rate applied to such investment will result in a rate of return that is excessive when compared with the recent earnings record of Canadian Pacific. As the extent of overstatement of Canadian Pacific net investment cannot be accurately determined, it would be very difficult to fix a rate applicable thereto which would provide an appropriate rate of

return. And yet, according to the Provincial submission, the company has made capital acquisitions of $1,279 million during the period from 1957 to 1966, $773 million of it in railway plant and equipment, most of it generated from depreciation charges. The contention that the true economic value of the Canadian Pacific net investment base is overstated is to some extent valid, as is demonstrated by the railway's desire to abandon a portion of its branch line and passenger property. Thus, the rate of return calculated by EBS* would appear to be excessive.

On the other hand, the Committee agrees with EBS that the cash flow approach is circular in that profitability justifies a profitable rate of return and unprofitability generates an unprofitable rate. Also, we are not persuaded that the diversion of large amounts of capital from railway operations to other areas of investment necessarily indicates that the railway enterprise is a highly successful business investment. The diversion of capital could indicate exactly the opposite, that greater returns can be generated elsewhere, so that the railway operation is drained of cash in favour of more lucrative investment in other industries.

54. What rate of return would the railways expect on the export movement of grain in order to make it worth their while to invest in branch line upgrading and new rolling stock and power units for grain movement?

55. One need but look to the U.S. experience in rail transportation where statutory grain rates do not impede the railway companies from moving grain.

56. U.S. rail rates for grain movement are over four times Canadian rates. The cost of hauling barley per cwt., for example, from Regina to Thunder Bay is 20¢ compared with 94½¢ from Tapica, Montana to Duluth, Minnesota, a comparable distance.

57. It would be expected that the U.S. rail system would be viable and healthy as a result of such lucrative grain rates. However, that is not the case.

58. The U.S. House of Representatives earlier this year authorized

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* EBS Management Consultants Inc., Washington, D.C.

a payment of $347 million in federal aid to the bankrupt Penn Central and other eastern U.S. railways. In the case of the Penn Central, an engineers' study conducted into its operations reported that Penn Central had, during the past seventeen years, added new rail at a rate that presumes it has a life expectancy of 257 years - five times the normal expectation.

59. That, we believe, describes in part the state of many of our branch lines. They have simply been allowed to deteriorate - and there is no guarantee higher export grain freight rates would change that situation.

60. One must consider as well our main rail line capacity to handle vastly increased volumes of grain in the event of massive branch line abandonment. We believe they simply do not have the capacity to do so.

61. Because of these several considerations, we conclude and recommend that:

1) The Crows Nest Pass rates as they currently apply to the export movement of grain be retained in perpetuity.

2) The principle of applying a measure of profitability to the railways based on a return on equity comparable to the generally accepted philosophy inherent in a free enterprise corporate capitalist society is incompatible in its application to the provision of essential services such as transportation of grain and must be rejected.

This is particularly important in a circumstance where no viable alternative to rail transportation exists or is likely to exist in the foreseeable future in the movement of grain to export positions. <u>Competition</u> between the rail carriers in this context is non-existent and out of the question.

The principle of maintaining fixed freight rates at the Crows Nest Pass levels assures the viability of our grain industry and increases the competitive position of our farmers on world grain markets.

Maintaining farm income at optimum levels has a greater effect in economically stimulating the total economy than does the transfer of vast new amounts of farm income to rail freight rates.

3) Because of their relevance to regional development and as an instrument of national economic policy, the railways, as essential service industries, should be restructured and integrated under single management of a department of the federal government and operated to the general advantage of Canada.

4) All outstanding dead weight debt of the CNR should be immediately retired and/or written off by the federal government.

5) If subsidies are required to provide an appropriate level of rail transportation to adequately serve the national interest (in meeting our grain export commitments, for example), the cost of such subsidies should be borne by all the citizens of Canada.

Prairie farmers are better off in having the federal government purchase grain hopper cars for use by the railways rather than allowing the railways higher freight rates for grain and relying on them to purchase needed rolling stock.

6) Branch line abandonment and rationalization should be considered only after assessment and implementation of all alternate methods of improving efficiencies within the system which would flow from a fully integrated railway service.

GRAIN HANDLING

62. The development of the prairie grain handling system has paralleled the construction of railway branch lines.

63. The grain handling companies in the early part of the century were as functional to the needs of the railway companies as the railways were functional to their needs.

64. With the operation of an open market system in grain trade, farmers were economically exploited by the grain traders. Country

elevators mushroomed up along railway sidings to compete for the farmer's business.

65. Because competition was more often exploitive of the farmer than dedicated toward maximizing his returns, farmers organized and countered by forming their own grain companies. They soon dominated the grain handling industry, a situation which prevails up to the present.

66. Early patterns of prairie grain elevator facilities emerged which were designed to accommodate and convenience farmers who relied heavily on animal power for grain movement.

67. The net result was that distances between delivery points were, by today's standards and needs, much closer together than necessary.

68. The grain handling industry of recent years has been going through the throes of merger and consolidation. In some instances this has created special problems for the farmer-owned grain companies who face political problems in their decision-making as well as economic problems, particularly at points they plan to abandon.

69. The most recent available statistics of the Canadian Grain Commission for the 1974/75 crop year indicate that of 1,594 delivery stations within the Canadian Wheat Board jurisdiction, 887 were one-company single delivery points, as at August 1, 1974 (See Appendix E).

70. The number of company primary operating units located at these delivery points is reported by the CGC as being 2,814. A number of these "operating units" consisted of two or more licensed elevators. In total, 4,292 licensed elevators were operative with a combined storage capacity of 362,272,700 bushels.

71. In summary, the relevance of these facts is that:

a) Considerable consolidation of country elevator facilities has taken place on existing branch lines. This has happened

as a result of mergers of elevator companies and trade-offs between elevator companies of facilities at specific delivery points.

b) The storage capacity of the individual elevator companies now operating multiple units at single elevator points has been substantially increased at such points. This in turn has effected obvious economies of operation simply through the potential handling of larger volumes of grain with a lower average labour component.

c) The dramatic rise in single company delivery points suggests that the attitude towards competition between companies in the purchase, handling and storage of the farmer's grain is apparently no longer considered as important by them as it was in past years. This may reflect the marketing influence of the Canadian Wheat Board as well as the generally accepted business axiom that "competition destroys profits."

d) The storage capacity of the country elevator system is more than adequate to handle in any given year all grain produced and offered for sale by farmers, <u>given the necessary sales demand and railway rolling stock to move it into terminal positions</u>.

72. The problems which confront much of the grain handling system are being forced upon it by such constraints as:

a) The continuing deterioriation of service and standards of maintenance on branch lines.

b) The obsolescence and shortage of railway rolling stock to adequately serve such a large number of delivery points.

c) The light weight of some rail lines incapable of handling larger capacity government hopper cars.

d) The low ratio of turnover to capacity within individual elevators has rendered many of them inefficient.

e) The absence of a clearly defined national transportation policy with respect to branch lines has delayed the decisions of companies on questions of future plans for capital expenditure, upgrading and maintenance of facilities.

73. The grain handling companies nonetheless have made management decisions discriminating against certain delivery points within given shipping blocks by according their facilities at some points lower priority in boxcar allocation than at other points.

74. This has had a consolidating effect on the grain handling system as some farmers are under pressure for economic reasons to bypass a traditional delivery point for an alternate delivery point in order to rid themselves of their grain.

75. These transitional practices of consolidation of elevator facilities on branch lines are likely to continue into the future and place similar pressures on the potential survival of rural communities as does branch line abandonment itself. It makes little difference to the business life of a village or hamlet whether or not a train runs through it to a neighbouring town if the main reason for the need of the branch line in the point (the delivery of grain) is no longer present. The further progression of this situation, then, increases the cause for farmers to bypass any remaining local businesses thereby triggering yet another form of consolidation. Local residents sooner or later depart to other towns or cities and the decaying process grows.

76. While this trend toward consolidation of fewer active delivery points on given branch lines has and is taking place, we are of the view that this type of abandonment causes <u>less</u> social disruption to

the total rural community than is caused by the total abandonment of many existing branch lines.

77. A new dimension recently thrust upon the prairie scene which has broad economic and social implications to the future of rural communities is exemplified by the concept of inland terminals.

78. Inland terminals can only be operated economically, in our view, if able to handle large volumes of grain. In order to fulfill that need it is essential that they be able to handle grain produced in a wide radius of their location.

79. Implicit to their ability to achieve these necessary volumes, is that the existing country elevator facilities in locations adjacent to the inland terminals be bypassed by farmers or rendered obsolete by reason of rail line abandonment or on economic grounds. Flexible freight rates would provide the mechanism to trigger such a decision. Neighbouring elevators on branch lines could simply be charged with high freight rates which would force farmers, through economic determinism, to haul to a terminal.

80. In its current schedule of flexible grain handling tariffs, the Canadian Grain Commission has provided its own form of economic encouragement to assist this type of development. By and large flexible grain handling tariffs have been unsuccessful, in our view, because the hoped-for "competition" that was to result did not take place, largely because the farmer owned grain companies were not prepared to sign the death warrant on a number of their own facilities and face the political ramifications of doing so with their membership.

81. We are unalterably opposed to the CGC's position on setting high maximum handling tariffs and extending a blank cheque to elevator companies in setting their own rates.

82. The myth of competition as it relates to fundamental business

ethics in our modern day price administered economy is more illusionary than real.

83. The historic role of the CGC has been to protect the interests of the primary grain producer - not to issue blank cheques to elevator companies. The cost of performing a service for farmers by elevator companies should continue to be uniform and regulated.

84. The action of the CGC in establishing a climate for discriminatory grain handling charges is regarded as functional to the needs of inland terminals.

85. Inland terminals, in our view, are more functional in meeting the needs of the railway companies than in meeting the needs of farmers. They bring with them vast social implications that have not yet, we believe, been adequately considered.

86. The growth in interest by some producers and organizations in inland terminals has been coincidental with the appearance upon the prairie grain scene of some very prominent international grain trading organizations who have now acquired a "competitive interest" here, particularly in the purchase of open market grains such as feed grains and oilseeds.

87. Both Cargill Grain Co. in this country and Continental Grain Co. (Canada) Ltd., are subsidiaries of large, integrated U.S. grain trading corporations. Their world trading operations vastly overshadow the economic power of any Canadian grain handling company. The implication of their growing presence in the Canadian grain trade must first of all be regarded as one of self interest. That self interest, in turn, can only relate to the needs of their respective parent corporations in the U.S. In open market trading, control of supply is essential to price manipulation.

88. Grain freight rates in Canada more comparable to U.S. rates

would further assist international grain trading companies in exercising options in the movement of export grains on U.S. rather than Canadian rail lines. Their approach to grain trading is one which is compatible with Continentalism.

89. *For these several reasons we conclude and recommend as follows:*

1) Of paramount importance in determining the future pattern and location of grain handling facilities is the determination of the fate of the branch lines and the Crows Nest Pass freight rates.

2) The trend toward consolidation of country elevator facilities in order to remove duplication of service and inefficiencies should continue.

3) The Canadian Grain Commission should be immediately restrained from granting licensing permission for the construction of inland terminals pending decisions on the future of branch lines and Crow rates.

4) The encroachment of multinational foreign grain corporations into the Canadian grain handling and marketing system be restrained by the Foreign Investment Review Agency.

All of which is respectfully
submitted by

THE NATIONAL FARMERS UNION.

APPENDIX A

DELAYS IN GETTING CARS FROM THE RAILROADS

(complied March 1974)

Saskatchewan

Delivery Point	Delay	Railroad
Whitewood	One elevator - no cars Dec. 20 to Feb. 20	CPR*
Fosterton	Cars ordered Dec. 21, delivered Feb. 21	CPR
Stewart Valley	No cars since January 15	CPR
Cudworth	31 day delay, November to Christmas	CNR
Peterson	25 day delay, November 29 to Dec. 24	CNR
Braemer	24 day delay	CNR
Rose Valley	Up to one month delay (20 cars behind now)	CPR
Red Deer Hill	Last cars three weeks late	CNR
MacDowell	Last cars three weeks late	CNR
Livelong	27 day delay, January 24 to Feb. 20	CNR
Theodore	77 day delay, December 5 to Feb. 21	CPR
West Bend	88 day delay, Dec. 11 to Feb. 26 - 1 elevator) 47 day delay, Jan. 10 to Feb. 26 - 2 elevators)	CPR
Kildeer	Last car December 31	CPR
Kyle	Last car December 23	CPR
Wynyard	Four-week wait on last cars. (Ordered for week, 27, received week 31)	CPR
Pense	42 day delay (ordered week 26, received week 32)	CPR*
Qu'Appelle	6 week delay on one order, average 2 weeks	CPR*
Canopus	Last car December 27	CPR
Killdeer	Last car December 31	CPR
Main Centre	Orders over 6 weeks behind	CNR

* Denotes a delivery point located on a railroad's transcontinental main line.

(Delays in getting cars from the railroads, contd...)

Delivery Point	Delay	Railroad
	Manitoba	
Neepawa	12 cars promised for Jan. 14; 7 more for Jan. 21; 2 for Jan. 28; and 1 for Feb. 25. None had arrived when surveyed.	CPR
Basswood	Railroad one month behind	CPR
Laurier	No cars since mid-January	CNR
St.Rose Du Lac	No cars since December	CNR
Deloraine	Three-week delay in getting cars	CPR
Dand	Last cars December 30	CPR
Napinka	Cars are arriving three weeks late	CPR
Holland	Cars are arriving three weeks late	CPR
	Alberta	
Armena	No cars since December 23	CNR
Barrhead	Delays of up to three weeks for cars	NAR
Leduc	Last car December 28	CPR
Dimsdale	Waited 22 days for cars	NAR
Clairmont	Longest wait: 6 weeks	NAR
Wembly	Waited 2 months	NAR
Beaver Lodge	Waited 3 weeks	NAR
Grande Prairie	Cars were a month late	NAR

APPENDIX B

DELAYS IN MOVING LOADED GRAIN CARS - 1974

Saskatchewan

Delivery Point	Delay	Railroad
Ryerson	2 week delay	CNR
Bemersyde	6 cars sat three weeks (Jan. 7 - 30)	CNR
Fleming	(1) 21 days, Feb. 6 to 27 (2) 13 days, Jan. 24 to Feb. 6 (3) 41 days, Dec. 28 to Feb. 7 -- 1 car	CPR
Wapella	3 cars for four weeks	CPR*
Candiac	4 cars sat 3 weeks	CNR
Mawer	4 cars sat forty days (Jan. 11 to Feb. 20)	CNR
Cudworth	Cars sat 15 to 20 days	CNR
Peterson	5 cars sat two weeks (Dec. 24 to Jan. 7)	CNR
Braemer	Cars sat 15 to 20 days	CNR
Prud'homme	20 cars sat 2 weeks (Aug. 24-Sept. 7)	CNR
Marriott	6 cars sat three weeks	CPR
Harris	5 cars sat for 1 month	CNR
Baldwinton	6 cars sat for 3 weeks (Dec. 21-Jan. 15)	CPR
Luseland	26 cars sat for 34 days (Jan. 14 to Feb.17)	CPR
Salvador	13 cars sat for 34 days (Jan.14 to Feb.17)	CPR
Porcupine Plain	Cars sat for 24 days	CNR
Somme Siding	13 cars sat for 30 days (Dec.14-Jan.14)	CNR
Canwood	10 days - average waiting time	CNR
Hoey	9 cars sat 3 weeks (late Dec., early Jan.)	CNR
Brancepeth	11 cars sat 3 weeks in Dec.	CNR
Richard	4 cars sat 30 days (Jan.7-Feb. 6)	CNR
Environ	3 cars sat 60 days (Dec.14 to Feb.12)	CPR
Loningdale	9 cars sat 60 days (Dec.14 to Feb.12)	CPR
Ailee	cars sat 60 days (Dec.14 to Feb.12)	CPR

* Denotes a delivery point located on a railroad's transcontinental main line.

(Delays in moving loaded grain cars - contd...)

Delivery Point	Delay	Railroad
Borden	Cars sat 21 days (Feb.16 to Mar.6)	CPR
Allan	12 cars sat 14 days in January	CNR
Foam Lake	28 cars sat about a month from late Jan. to Feb. 27	CPR
Wilkie	4 cars sat 56 days (Dec.29 to Feb.24)	CPR
West Bend	3 cars sat 43 days (Jan.14 to Feb.26)	CPR
Bankend	7 cars sat 43 days (Jan.14 to Feb.26)	CPR
Wishart	17 cars sat 43 days (Jan.14 to Feb.26)	CPR
Perdue	20 cars sat 45 days (Jan.8 to Feb.22) (Some were loaded as early as Dec. 3, 80 days before they were removed from the area)	CPR
Meadow Lake	20 cars sat 3 weeks before being moved out the week of Feb. 18	CPR
Simmie	11 cars loaded Jan. 28, not yet picked up, more than 40 days later	CPR
Gull Lake	15 cars sat 1 week (Feb.20 to 27)	CPR*
Mortlach	10 cars sat 3 weeks (Jan. to mid-Feb.)	CPR*
Willow Bunch	9 cars loaded Jan. 31 still not picked up over 40 days later.	CNR
Alida	9 cars sat 17 days (Jan.4 to 21)	CPR
Golden Prairie	15 cars sat 21 days (Jan.17 to Feb.7)	CPR
	Manitoba	
Carey	Cars sat 11 days	CPR
Niverville	Cars stood 4 weeks	CPR
Lowe Farm	5 cars sat 20 days (Jan.25 to Feb.14)	CNR
Dominion City	3 cars sat 19 days (Jan.24 to Feb.12)	CPR
Arnaud	6 cars sat 3 weeks (Jan.3 to 24)	CPR
Basswood	4 cars sat for 2 weeks	CPR

(Delays in moving loaded grain cars - contd...)

Delivery Point	Delay	Railroad
	Alberta	
Borradaile	7 cars sat 1 month (Dec.15 to Jan.15)	CNR
Strome	The following cars waited for the following times:	CPR
	119324 - 2 months, 1 week (Aug.20 to Oct.27)	
	117564 - 2 months, 1 week (Aug.20 to Oct.27)	
	112151 - 3 days short of 2 months (Dec.7 to Feb.4)	
	114273 - 3 days short of 1 month (Jan.7 to Feb.4)	
Lougheed	12 cars sat 2 weeks	CPR
Forestburg	Cars sat 3 weeks	CNR
Willingdon	3 weeks	CPR
Armena	3 cars sat 3 weeks (Jan. 3 to 24)	CNR
Innisfree	Cars sat 3 weeks	CNR
Chipman	12 cars sat 3 weeks (late Dec. to mid-Jan.)	CNR
Mundare	Cars sat 21 days	CNR
Meeting Creek	4 cars sat 1 month	CNR
Bashaw	4 cars sat over a month (Jul 21 to Aug.25)	CNR
Clyde	Cars sat 3 weeks	CNR
Barrhead	Cars sat 2 weeks	NAR
Vegreville	Cars sat 2 weeks	CN & CP
Lavoy	Cars sat 2 weeks	CNR
Sexsmith	Cars sat 10 to 14 days	NAR
Wembly	Cars sat 3 weeks	NAR
Beaverlodge	Cars sat 2 weeks	NAR

SNOW-PLUGGED BRANCH LINES ON WHICH SUBSIDIES ARE PAID

During the NFU's survey of elevators on the prairies, several branch lines were discovered that the railways had abandoned to the wind and the snow despite the fact they are paid subsidies on them to maintain service. Perhaps the most flagrant example of this policy of unilateral abandonment of protected lines by the railroads is the case of the Rockglen-Killdeer line. On that line the CPR has torn down all the protective snow fences and sold them. Many area farmers now have corrals made of old railroad snow fences.

Branch Line	Railroad	Date Abandoned	1971 Subsidy
Peebles-Handsworth	CNR		$ 75,913
Baird-Stewart Valley	CPR	January 15	78,073
Perdue-North Rosetown	CPR	January 7	189,000
Dunblane-Beechy	CNR	February 8	290,671
Gunnworth-Matador	CPR	December 23	285,252
Milden-McMorran	CPR	December 28	260,347
(Plugged from Gunnworth to McMorran, about 40 per cent on the line.)			
Moorepark-Varcoe	CPR		11,228
Greenway-Neelin	CNR (usually shut down Nov.-May)		51,948
White Bear	CNR	January 22	218,201

[illegible]

APPENDIX C

CANADIAN PACIFIC RAILWAY

Year	Grain Shipped[3] By Railways (all) (tons)	Railway[1] Revenues (dollars)	Net Railway[2] Operating Revenues (dollars)
1951	22,827,818		
1952	28,702,826	457,808,969	28,930,780
1953	27,953,603	470,571,371	28,884,572
1954	19,177,621	422,642,423	27,032,926
1955	17,805,961	448,598,491	37,326,718
1956	24,149,204	505,262,393	41,335,827
1957	20,006,733	487,565,479	38,246,382
1958	21,225,424	467,410,853	36,491,847
1959	20,072,691	478,455,778	36,188,923
1960	18,772,890	457,781,286	33,834,071
1961	20,446,489	466,069,571	37,796,715
1962	16,441,245	453,761,948	29,153,021
1963	20,365,955	477,895,802	35,434,394
1964	25,436,148	510,711,693	43,621,020
1965	21,109,266	518,877,288	40,482,211
1966	25,715,610	554,608,312	50,387,484
1967	20,655,478	561,570,932	38,883,205
1968	15,993,172	563,323,153	41,525,473
1969	16,558,619	580,992,133	34,886,881
1970	23,732,926	616,845,508	38,583,622
1971	27,313,000	659,911,826	45,990,476
1972	30,017,000	711,167,732	57,983,835

1. Statistics Canada - Railway Transport, Part II, Financial Statistics (CS52-208). Includes revenues from passenger, freight, switching, other earnings, and payments under the National Transportation Act (1966-)
2. Ibid.
   1952-55 Net Railway Operating Income ∓ Taxes and rentals = Net Railway Operating Revenues
3. Canada Year Book

APPENDIX D

Inter-corporate Ownership CPR (1969)

Reporting corporation — Corporation déclarante	Holding corporation — Corporation actionnaire	Notes	Residence — Lieu de résidence	% owned by — % de propriété
			Holding corporation — Corporation actionnaire	
	141			
Canadian Pacific Investments Ltd.	Canadian Pacific Railway Co.		6	90.8
Canadian Pacific Transport Co. Ltd.	" " " "		6	100.0
Commandant Properties Ltd.	" " " "		6	100.0
Computer Sciences Canada Ltd.	" " " "		6	25.5
Public Markets Ltd.	" " " "		6	50.0
Smithsons Holdings Ltd.	" " " "		6	100.0
Bow River Pipe Lines Ltd.	Canadian Pacific Investments Ltd.		6	50.0
Can Pac Minerals Ltd.	" " " "		6	100.0
Canadian Pacific Hotels Ltd.	" " " "		6	100.0
Canadian Pacific Securities Ltd.	" " " "		6	100.0
Central-Del Rio Oils Ltd.	" " " "		6	89.3
Cominco Ltd.	" " " "		6	53.2
Fording Coal Ltd.	" " " "		6	50.0
Great Lakes Paper Co. Ltd.	" " " "		6	41.9
Heath & Sherwood Drilling (Western) Ltd.	" " " "		6	34.0
Holborough Investments Ltd.	" " " "		6	13.4
Investors Group	Canadian Pacific Investments Ltd.		6	20.4
MacMillan Bloedel Ltd.	" " " "		6	10.3
Marathon Realty Co. Ltd.	" " " "		6	100.0
Midland Simcoe Elevator Co. Ltd.	" " " "		6	56.0
Pacific Coast Bulk Terminals Ltd.	" " " "		6	20.4
Pacific Logging Co. Ltd.	" " " "		6	100.0
Trans-Canada Pipe Lines Ltd.	" " " "		6	16.7
Commercial Customs Brokers Ltd.	Smithsons Holdings Ltd.		6	100.0
Highland Transport Co. Ltd.	" " "		6	100.0
Norman's Transfer Ltd.	" " "		6	100.0
Smith, H. Transport Ltée	" " "		6	49.1
Smith Transport Ltd.	" " "		6	100.0
Strathdee Transport Ltd.	" " "		6	100.0
Terminal Realty Investments Corp.	" " "		6	100.0
Terminal Realty Investments (Ontario) Ltd.	" " "		6	100.0
Transport Terminals Ltd.	" " "		6	100.0
Universal Container Services Ltd.	" " "		6	100.0
Ardley Coal Ltd.	Can Pac Minerals Ltd.		6	40.0
Fort William Hotels Ltd.	Canadian Pacific Hotels Ltd.		6	12.9
Canadian Pacific Oil & Gas Ltd.	Central-Del Rio Oils Ltd.		6	100.0
Minerals Ltd.	" " " " "		6	50.0
United Pemetex Ltd.	" " " " "		6	12.5
Canada Metal Co. Ltd.	Cominco Ltd.		6	50.0
Coast Copper Co. Ltd.	" "		6	95.0
Fording Coal Ltd.	" "		6	50.0
George Gold-Copper Mining Co. Ltd.	" "		6	82.6
National Hardware Specialties Ltd.	" "		6	100.0
Otterburn Mines Ltd.	" "		6	95.0
Pacific Coast Terminals Co. Ltd.	" "		6	74.4
Pine Point Mines Ltd.	" "		6	69.1
Ptarmigan Mines Ltd.	" "		6	91.2
Redcon Gold Mines Ltd.	" "		6	17.5
Ritoria Mines Ltd.	" "		6	46.4
Rubiales Mines Ltd.	" "		6	57.0
Ryan Gold Mines Ltd.	" "		6	40.9
Rycon Mines Ltd.	" "		6	60.0
Serpa Mines Ltd.	" "		6	50.5
Sunloch Mines Ltd.	" "		6	84.2
Sunro Mines Ltd.	" "		6	36.0
Valley Copper Mines Ltd.	" "		6	69.8
Vestgron Mines Ltd.	" "		6	63.6
Vol Mines Ltd.	" "		6	66.7
West Kootenay Power & Light Co. Ltd.	" "		6	94.3
Western Canada Steel Ltd.	" "		6	100.0
Aquativity Ltd.	Investors Group		6	100.0
Baxter, R.C. Properties Ltd.	" "		6	49.7
Brampton Shopping Center Ltd.	" "		6	100.0
Elgin, Glen Investments Ltd.	" "		6	29.0
Investors Group Trust Co. Ltd.	" "		6	98.1
Investors Syndicate Ltd.	" "		6	100.0
Walscott Securities Ltd.	" "		6	100.0
Forest Industries Flying Tankers Ltd.	MacMillan Bloedel Ltd.		6	57.3

Reporting corporation — Corporation déclarante	Holding corporation — Corporation actionnaire	Notes	Residence — Lieu de résidence	% owned by — % de propriété
			Holding corporation — Corporation actionnaire	
	141 — Continued — suite			
Alberta Stock Yards Co. Ltd.	Marathon Realty Co. Ltd.		6	99.8
Alta-Fresh Produce Ltd.	" " " "		6	11.3
Foundation-Scottish Properties Ltd.	" " " "		6	75.0
Husky Tower Ltd.	" " " "		6	50.0
Manar Properties (Alberta) Ltd.	" " " "		6	75.0
Marathon Aviation Terminals Ltd.	" " " "		6	49.6
Meadowbrook Development Corp.	" " " "		6	100.0
Metro Centre Developments Ltd.	" " " "		6	50.0
Pitt Street Developments Ltd.	" " " "		6	55.0
Project 200 Investments Ltd.	" " " "		6	33.3
Project 200 Properties Ltd.	" " " "		6	24.9
Scottish Trust Co.	" " " "		6	100.0
Cipa Lumber Co. Ltd.	Pacific Logging Co. Ltd.		6	20.0
Forest Industries Flying Tankers Ltd.	" " " "		6	11.5
L.M. & N. Logging Co. Ltd.	" " " "		6	99.9
Ladysmith Forest Products Ltd.	" " " "		6	10.0
MacKenzie, T.W. Logging Ltd.	" " " "		6	49.0
Sooke Forest Products Ltd.	Pacific Logging Co. Ltd.		6	49.0
Banner Petroleums Ltd.	Trans-Canada Pipe Lines Ltd.		6	95.0
Banner Petroleums (Western) Ltd.	" " " " "		6	96.0
Trans-Canada Grid (Alberta) Ltd.	" " " " "		6	100.0
Lethbridge Collieries Ltd.	Canadian Pacific Oil & Gas Ltd.		6	100.0
Schultz Die Casting Co. (Canada) Ltd.	National Hardware Specialties Ltd.		6	98.1
Pacific Coast Bulk Terminals Ltd.	Pacific Coast Terminals Co. Ltd.		6	72.1
Princeton Gold Mines Ltd.	Ritoria Mines Ltd.		6	67.5
Rycon Mines Ltd.	Ryan Gold Mines Ltd.		6	40.0
Sunro Mines Ltd.	Sunloch Mines Ltd.		6	48.5
Baxter Pacific Ltd.	Baxter, R.C. Properties Ltd.		6	100.0
Chathax Ltd.	" " " " "		6	100.0
Columbia Centre (1967) Ltd.	" " " " "		6	100.0
Martello Tower Apartments Ltd.	" " " " "		6	100.0
Nairnax Ltd.	" " " " "		6	100.0
Satax Ltd.	" " " " "		6	100.0
Saultax Ltd.	" " " " "		6	100.0
Toonax Ltd.	" " " " "		6	100.0
Senac Investments Ltd.	Elgin, Glen Investments Ltd.		6	51.0
Balmoral Heights Estates Ltd.	Investors Syndicate Ltd.		6	49.0
Riveredge Village Inc.	" " "		6	25.0
Westloan Holdings Ltd.	Walscott Securities Ltd.		6	100.0
Summerlea Industrial Park Ltd.	Meadowbrook Development Corp.		6	49.9
Ladysmith Forest Products Ltd.	MacKenzie, T.W. Logging Ltd.		6	10.0
Lamford Cedar Ltd.	Sooke Forest Products Ltd.		6	100.0
Smith Cedar Products Ltd.	" " " "		6	100.0
Columbax Pacific Ltd.	Baxter Pacific Ltd.		6	100.0
Westfund Ltd.	Westloan Holdings Ltd.		6	100.0
Computer Sciences Canada Ltd.	Canadian National Railway Co.	R-4362(x)	6	25.5
" " " "	Computer Sciences Corp.	R-5869	1	49.0
Public Markets Ltd.	Canadian National Railway	R-4362(x)	6	50.0
Bow River Pipe Lines Ltd.	Great Northern Oil Co.	R-1193	1	50.0
Heath & Sherwood Drilling (Western) Ltd.	Heath & Sherwood Drilling (Eastern) Ltd.	R-463	6	29.5
" " " " " "	Heath & Sherwood Drilling Ltd.	R-463	6	33.0
Holborough Investments Ltd.	Aluminum Co. (Canada) Ltd.	R-19	6	16.3
" " "	Bansco & Co.		7	16.3
" " "	Shieldings Ltd.	R-59	6	16.2
Investors Group	Imperial Life Assurance Co.	(x)	6	13.8
" "	Power Corp. of Canada	R-723	6	17.7
MacMillan Bloedel Ltd.	Wisconsin Corp.	R-577	1	13.5
Midland Simcoe Elevator Co. Ltd.	Crown Trust Co.		7	36.2
Trans-Canada Pipe Lines Ltd.	Home Oil Co. Ltd.	R-320	6	15.6
Ardley Coal Ltd.	Dynamic Power Corp. Ltd.		6	60.0
Fort William Hotels Ltd.	Paterson, N.M. & Sons Ltd.	R-231	6	14.9
Minerals Ltd.	Scurry-Rainbow Oils (Sask.) Ltd.	R-789	6	50.0
United Pemetex Ltd.	Silver City Mines Ltd.		6	74.0
Canada Metal Co. Ltd.	National Lead Co.	R-673	1	50.0
Redcon Gold Mines Ltd.	Annett Partners Ltd.		7	18.6
Ritoria Mines Ltd.	Crown Trust Co.		7	10.3
Rubiales Mines Ltd.	Union Corp. Ltd.		2	27.6
Serpa Mines Ltd.	Gunnar Mining Ltd.	R-383	6	19.1
" " "	Union Corp. Ltd.		2	18.9

Reporting corporation — Corporation déclarante	Holding corporation — Corporation actionnaire	Notes	Residence — Lieu de résidence	% owned by — % de propriété
			Holding corporation — Corporation actionnaire	
	141 — Continued — suite			
Vestgron Mines Ltd.	Westfield Minerals Ltd.	R-4525	6	16.0
Vol Mines Ltd.	Conwest Exploration Co. Ltd.	R-219	6	33.3
Baxter, R.C. Properties Ltd.	Elements Estates Ltd.	R-551	6	24.9
" " " " "	Swalex Estates Ltd.	R-70	6	24.9
Elgin, Glen Investments Ltd.	Canadian Imperial Bank of Commerce		7	49.0
" " " "	National Trust Co. Ltd.		7	20.0
Alta-Fresh Produce Ltd.	Alta-Fresh Vegetable Growers Co-op Ltd.	(x)	6	11.3
" " " "	Oland Properties Ltd.	R-5985	6	10.8
Foundation-Scottish Properties Ltd.	Scottish Trust Co.		7	25.0
Husky Tower Ltd.	Husky Oil Ltd.	R-458	6	50.0
Manar Properties (Alberta) Ltd.	Jackson Investments Ltd.		6	22.5
Marathon Aviation Terminals Ltd.	Annerlee Corp. Ltd.	R-5681	6	24.8
" " " "	Parquart Ltd.		6	24.8
Metro Centre Developments Ltd.	Canadian National Realties Ltd.	R-7085(x)	6	50.0
Pitt Street Developments Ltd.	Sun Life Assurance Co.	(x)	6	45.0
Project 200 Investments Ltd.	Locarno Investment Ltd.	R-6448	6	33.3
" " " "	Third Properties Ltd.	R-6840	6	33.3
Project 200 Properties Ltd.	Locarno Investments Ltd.	R-6448	6	24.9
" " " "	Simpsons-Sears Ltd.	R-836	6	24.9
" " " "	Third Properties Ltd.	R-6840	6	24.9
Cipa Lumber Co. Ltd.	Itoh, C. & Co. Ltd.	R-3706	4	80.0
Forest Industries Flying Tankers Ltd.	British Columbia Forest Products Ltd.	R-122	6	17.7
Ladysmith Forest Products Ltd.	Doman Industries Ltd.	R-3529	6	75.0
MacKenzie, T.W. Logging Ltd.	Cardigan Investments Ltd.	(x)	6	10.0
" " " " "	Coalmount Logging Ltd.		6	41.0
Senac Investments Ltd.	Canadian Imperial Bank of Commerce		7	39.0
Riveredge Village Inc.	Imperial Life Assurance Co. (Canada)	R-382(x)	6	30.0
" " "	Montreal Agencies Ltd.	R-4521	6	45.0
Summerlea Industrial Park Ltd.	Canadian S.T.W. Developments Ltd.	(x)	6	49.9

APPENDIX E

TABLE 1

LICENSED PRIMARY ELEVATOR STORAGE CAPACITY

BY FIRMS

As at August 1, 1974

LICENSEE	MANITOBA		SASKATCHEWAN		ALBERTA		BRITISH COLUMBIA		TOTALS	
	Elevs.	Storage bu.	Elevs.	Storage bu.	Elevs.	Storage bu.	Elevs.	Storage -bu.	Elevs.	Storage bu.
Alberta Wheat Pool	-	-	-	-	823	74,330,800	12	1,476,000	835	75,806,800
Central Grain Company Ltd.	2	376,000	-	-	-	-	-	-	2	376,000
Ellison Milling & Elev. Co. Ltd.	-	-	-	-	18	1,693,200	-	-	18	1,693,200
Harrison Milling & Grain Co. Ltd.	1	50,000	-	-	-	-	-	-	1	50,000
Lake of the Woods Milling Co. Ltd.	-	-	-	-	1	204,000	-	-	1	204,000
Manitoba Pool Elevators	312	26,621,000	-	-	-	-	-	-	312	26,621,000
Maple Leaf Mills Limited	-	-	-	-	2	214,000	-	-	2	214,000
Mighty Peace Grain Limited	-	-	-	-	-	-	1	253,000	1	253,000
Milk River Grain Ltd.	-	-	-	-	1	365,000	-	-	1	365,000
National Feed & Livestock Ltd.	3	213,000	2	108,000	-	-	1	210,000	6	531,000
National Grain Limited	27	1,960,300	169	12,984,900	81	6,547,200	1	115,000	278	21,607,400
Parrish & Heimbecker Limited	3	907,000	31	5,231,500	21	1,588,000	-	-	55	7,726,500
N.M. Paterson & Sons Limited	39	3,775,400	50	4,851,900	2	204,600	-	-	91	8,831,900
Pioneer Grain Limited	11	969,200	338	30,946,800	98	9,549,400	-	-	447	41,465,400
Ritz & Co., Henry	2	73,000	-	-	-	-	-	-	2	73,000
Saskatchewan Wheat Pool	-	-	1,496	112,445,700	-	-	-	-	1,496	112,445,700
United Grain Growers Limited	123	10,718,600	303	25,226,600	310	27,051,600	7	982,000	743	63,978,800
Vanderhoof Co-operative Assoc.	-	-	-	-	-	-	1	30,000	1	30,000
TOTAL - LICENSED PRIMARY ELEVATORS	523	45,663,500	2,389	191,795,400	1,357	121.747,800	23	3,066,000	4,292	362,272,700

TABLE 2

Summary by Province & Company of Primary Elevator "Operating Units"

As at August 1, 1974

COMPANY	MANITOBA	SASKATCHEWAN	ALBERTA	BRITISH COLUMBIA	TOTAL
Alberta Wheat Pool	-	-	511 (823)	10 (12)	521 (835)
Ellison Milling & Elevator Company Limited	-	-	15 (18)	-	15 (18)
Manitoba Pool Elevators	237 (312)	-	-	-	237 (312)
National Grain Limited (Inc. National Feeds & Livestock)	23 (30)	120 (171)	59 (81)	2 (2)	204 (284)
Parrish & Heimbecker Limited	3 (3)	26 (31)	21 (21)	-	50 (55)
N. M. Paterson & Sons Limited	35 (39)	40 (50)	1 (2)	-	76 (91)
Pioneer Grain Company Limited	9 (11)	235 (338)	78 (98)	-	322 (447)
Saskatchewan Wheat Pool	-	880 (1,496)	-	-	880 (1,496)
United Grain Growers Limited	100 (123)	200 (303)	193 (310)	7 (7)	500 (743)
Other Licensed Companies	3 (5)	-	4 (4)	2 (2)	9 (11)
TOTALS	410 (523)	1,501 (2,389)	882 (1,357)	21 (23)	2,814 (4,292)

Note: In most instances where a grain company operates two or more primary elevators at one location, the operations have been combined under a single manager. This has been aided by the trading of elevators between companies. As a result of a move towards greater economy and efficiency, the 4,292 elevators individually licensed as at August 1, 1974 reflect only 2,814 "operating units". The above table indicates this pattern, according to the major companies. The bracketed figures indicate the licensed separate units. It should be recognized that this statement reflects a constantly changing situation and is based upon the latest available data.

TABLE 3

SUMMARY

COUNTRY SHIPPING POINTS

and

LICENSED PRIMARY ELEVATORS

By Provinces and Railways

As at August 1, 1974

	MANITOBA			SASKATCHEWAN			ALBERTA			BRITISH COLUMBIA			RAILWAY TOTALS		
	No. of Stations	No. of Elevators	Capacity (Bushels)	No. of Stations	No. of Elevators	Capacity (Bushels)	No. of Stations	No. of Elevators	Capacity (Bushels)	No. of Stations	No. of Elevators	Capacity (Bushels)	No. of Stations	No. of Elevators	Capacity (Bushels)
C.P.R.	141	276	24,331,100	441	1,235	99,280,500	239	740	67,819,100	1	1	89,000	822	2,252	191,519,700
C.N.R.	139 (-6)	247	21,332,400	443 (-21)	1,154	92,514,900	165 (-7)	449	35,496,500	1	1	30,000	748 (-34)	1,851	149,373,800
N.A.R.	-	-	-	-	-	-	49 (-1)	158	17,414,200	2	10	1,381,000	51 (-1)	168	18,795,200
G.S.L.	-	-	-	-	-	-	4	10	1,018,000	-	-	-	4	10	1,018,000
B.C.R.	-	-	--	-	-	-	-	-	-	5 (-1)	11	1,566,000	5 (-1)	11	1,566,000
GRAND TOTALS	274	523	45,663,500	863	2,389	191,795,400	449	1,357	121,747,800	8	23	3,066,000	1,594	4,292	362,272,700
Single - Company Points 1/	188			463			231			5			887		

1/ Included in Railway Totals

Note: Bracketed items indicate stations served by more than one railway, included in individual railway totals but excluded from grand totals.

TABLE 4

MANITOBA

SUMMARY - ALL LICENSED ELEVATORS

Kind of Elevator	Railway	No. of Elevators	Elevator Storage Capacity
			bu.
Primary	C.P.R.	276	24,331,100
	C.N.R.	247	21,332,400
		523	45,663,500
Process	C.P.R.	9	3,895,800
	C.N.R.	1	2,250,000
		10	6,145,800
Terminal	C.P.R.	-	-
	C.N.R.	1	5,000,000
		1	5,000,000
GRAND TOTALS - MANITOBA		534	56,809,300

ALBERTA

SUMMARY - ALL LICENSED ELEVATORS

Kind of Elevator	Railway	No. of Elevators	Elevator Storage Capacity
			bu.
Primary	C.P.R.	740	67,819,100
	C.N.R.	449	35,496,500
	N.A.R.	158	17,414,200
	G.S.L.	10	1,018,000
		1,357	121,747,800
Process	C.P.R.	10	5,633,500
	C.N.R.	-	-
		10	5,633,500
Terminal	C.P.R.	2	3,750,000
	C.N.R.	1	2,350,000
		3	6,100,000
GRAND TOTALS - ALBERTA		1,370	133,481,300

SASKATCHEWAN

SUMMARY - ALL LICENSED ELEVATORS

Kind of Elevator	Railway	No. of Elevators	Elevator Storage Capacity
			bu.
Primary	C.P.R.	1,235	99,280,500
	C.N.R.	1,154	92,514,900
		2,389	191,795,400
Process	C.P.R.	4	2,610,500
	C.N.R.	2	276,000
		6	2,886,500
Terminal	C.P.R.	2	11,000,000
	C.N.R.	-	-
		2	11,000,000
GRAND TOTALS - SASKATCHEWAN		2,397	205,681,900

BRITISH COLUMBIA

SUMMARY - ALL LICENSED ELEVATORS

Kind of Elevator	Railway	No. of Elevators	Elevator Storage Capacity
			bu.
Primary	C.P.R.	1	89,000
	C.N.R.	1	30,000
	N.A.R.	10	1,381,000
	B.C.R.	11	1,566,000
		23	3,066,000
Process	B.N.R.	1	18,300
Terminal	C.P.R.	1	7,300,000
	C.N.R.	6	21,018,500
		7	28,318,500
GRAND TOTALS - BRITISH COLUMBIA		31	31,402,800